

Townsend

Retirement Specialists

Plan Well ... Retire Well

Reviving your 401(k)

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Given the market meltdown and economic crisis that Americans have faced over the past year or so, it's no surprise that our 401(k) plans have suffered as much as they have. We've seen market declines eat up nearly 1 trillion dollars of stock value on 401(k) and other defined-contribution plan accounts (Boston College's Center for Retirement Research). In addition to the decline of the market, there are several actions savers have taken that have resulted in poor 401(k) performance. For instance: "Many people don't save enough, make poor investment choices, pay high fees that eat into returns, and raid their retirement accounts to pay credit card bills or fight foreclosure." (Laise, Eleanor. "Five Ways to Fix Up Your 401(k) Plan.") Despite the rough state of your 401(k) plans, there are several steps you can take to revive them.

1. Save!

This age old adage holds true even in these rough market conditions. Check with your payroll manager to see how an increase in your 401(k) contributions would affect your paycheck. While the percentage may seem intimidating, you may realize over time that this is something you can easily implement.

2. Even if your employer doesn't match

Many large corporations are suspending their contributions. To make up for this, you should increase your own contributions. Combined, employees and employers should contribute between 15% and 20% of the worker's salary to help prepare for retirement.

3. Don't let emotions affect your investing

Sharp market swings can lead 401(k) savers to make drastic investment decisions, like dumping stock at depressed levels. This action locks in huge losses and eliminates the chance of capitalizing on the upswing when stocks rebound.

One way to mitigate this problem of emotion based investing is to leave the asset allocation decisions up to us. We offer an affordable 401(k) solution which provides personalized allocations based off your risk levels and investment goals. If you would

like additional information regarding this service, please visit our 401(k) help center online www.townsendretirement.com or give us a call 303.452.5986.

4. Keep fees to a minimum

There's no doubt that high costs eat into an investor's return over the long run. It's vital for you to identify the expenses associated with the 401(k) so that you can compare them with other retirement vehicles such as IRA's. If you need any assistance identifying fees, please call us at (303) 452-5986.

5. Take advantage of 401(k)'s

Surprisingly, many companies do not offer 401(k)'s, and many employees who do have the opportunity to invest do not. We encourage you to check with your current employer to see if this opportunity exists and to capitalize on it if they do.

This is not a recommendation to buy or sell securities, or of any particular asset allocation strategy. These investment guidelines are not intended to represent investment advice that is appropriate for all investors. Each investor's portfolio must be constructed based on the individual's financial resources, investment goals, risk tolerance, investing time horizon, tax situation and other relevant factors. Please discuss with your financial advisor before implementing an investment plan.

Source: (Laise, Eleanor. "Five Ways to Fix Up Your 401(k) Plan." *Wall Street Journal*)